The Economic Impact of Florida Hospital Winter Garden Phase 2

PREPARED FOR FLORIDA HOSPITAL- WINTER GARDEN
BY THE EAST CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

Luis Nieves-Ruiz, AICP
Economic Development Manager

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The East Central Florida Regional Planning Council (ECFRPC) was established in 1962 as an area-wide association of local governments. Today, council staff provides technical assistance services to governments and organizations located within the seven-county East Central Florida region (Brevard, Lake, Orange, Osceola, Seminole, Sumter, and Volusia).

Since 2003, The ECFRPC has been using the Regional Economic Models, Inc. (REMI) Policy Insight economic model to calculate the economic effects of a variety of policies and investments. The REMI model builds on the strengths of four major modeling approaches: Input-Output, General Equilibrium, Econometric, and Economic Geography. More detailed information about the model can be found at www.remi.com.

Any questions about this economic impact analysis should be referred to Luis Nieves-Ruiz, AICP. He can be reached at (407)245-0300, ext. 308 or via e-mail at luis@ecfrpc.org.
Introduction

This analysis estimates the economic impact that the opening of Phase 2 of Florida Hospital Winter Garden’s Health Campus will have in Orange County’s economy. This includes the direct economic benefits created by the construction of the hospital and the opening of the new medical facility. In addition to these direct effects, the construction and operation of this new facility will also generate an additional demand for goods and services that are usually met by local suppliers. This is considered an indirect economic impact. Finally, the new employees will spend their incomes on household needs such as rent, food, and entertainment among others. This is considered the local consumption or induced economic effect. These indirect and induced impacts are often referred to as the economic ripple effect.

Methodology, Inputs, and Assumptions

According to information provided by Florida Hospital officials, building the second phase of the Winter Garden campus will cost $150 million. The new facility is expected to be built sometime in 2017 and become fully operational the next year. When it opens, this new facility will house 700 employees with an average compensation of $64,480 per year ($31 hr.). This information is summarized in Figure 1. The ECFRPC used this data to calculate the economic impact that this project would have on Orange County’s economy for 2017 and 2018.

Figure 1: Florida Hospital Simulation Inputs

<table>
<thead>
<tr>
<th>Data</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital Construction Investment</td>
<td>$150 million</td>
</tr>
<tr>
<td>Hospital Jobs</td>
<td>700</td>
</tr>
<tr>
<td>Average Annual Wages</td>
<td>$64,480</td>
</tr>
</tbody>
</table>

Source: Florida Hospital
Summary of Economic Simulation Results

The results of this simulation are summarized in Figure 2. According to REMI, the construction of the hospital will generate a total of 4,244 jobs. The construction of the new facility will also contribute $307 million in sales (output) and $190 million in personal income. The project will also add $189 million to Orange County’s gross regional product.

The ECFRPC also found that the opening of the facility in 2018 will create a total of 1,265 jobs. The new hospital will also contribute $179 million in sales (output) and $59 million in personal income. Finally, it will also add $108 million to Orange County’s gross domestic product. The next sections explain these numbers in more detail.

Employment

The second phase of the Florida Hospital-Winter Garden campus will create more than 5,500 jobs during this two-year period. This includes 3,675 direct, 608 indirect, and 1,226 induced jobs (Figure 3). This employment estimate includes full-time, part-time, and temporary positions, which the model gives equal weight.

Over 50 percent of all these new jobs will be created in the Construction industry. Another 13 percent of the newly created positions will be in the Hospital industry sector. Other industries that will generate new jobs because of the construction and

![Figure 2: FH Winter Garden-Phase 2 Economic Impact](image)

<table>
<thead>
<tr>
<th>Category</th>
<th>Economic Impact</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Total Employment</td>
<td>4,244</td>
</tr>
<tr>
<td>Output (Sales)</td>
<td>$307,000,000</td>
</tr>
<tr>
<td>Personal Income</td>
<td>$190,000,000</td>
</tr>
<tr>
<td>Gross Regional Product</td>
<td>$189,000,000</td>
</tr>
</tbody>
</table>

Source: REMI PI+ East Central Florida Region v 1.7

![Figure 3: New Jobs by Type](image)

5,509 Jobs

3,675 Direct
608 Indirect
1,226 Induced

Source: REMI PI+ East Central Florida Region v 1.7
operation of this new facility include Retail Trade, Administrative and Support Services, Professional, Scientific and Technical Services, and Government among others.

Output (Sales)

Often referred to as total sales volume, output measures the gross level of business revenue which includes both the costs of labor and materials (intermediate inputs) and value added activities (compensation and profits). Since business output is the broadest measure of economic activity, it tends to generate the largest numbers.

The construction and operation of this facility will generate about $486 million in sales in Orange County during the two year period. Most of these sales will occur in 2017, during the construction of the new buildings (Figure 4). More than half of these sales would be generated by the Construction sector because of the large number of inputs required to build the new facility. In 2018, the Hospital sector would account for 55 percent of all sales.

Personal Income

Personal income refers to total earnings from employee compensation, wage supplements, rents, transfer payments, and other business ventures. The construction and operation of this hospital facility will add $249 million of personal income in Orange County.
Most personal income is the result of wages and salaries paid to employees from a variety of industries including Construction ($184 million), Hospitals ($43 million) and Professional and Business Services ($20 million).

**Gross Regional Product (GRP)**

Finally, another important economic measure is gross regional product (GRP). Sometimes referred to as gross domestic product (GDP), this figure represents the market value of all goods and services produced by labor and property, regardless of nationality. Based on the results of this simulation, the construction and operation of the new facility will add $297 million to Orange County’s GRP. Most of this new economic activity will be the result of building the new campus.