The Economic Impact of Kissimmee Park Road Turnpike Interchange Completion

PREPARED FOR THE CITY OF ST. CLOUD
BY THE EAST CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

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February 6, 2017
About the East Central Florida Regional Planning Council

The ECFRPC was established in 1962 as an area-wide association of local governments. It is one of Florida’s ten regional planning councils and serves governments and organizations located within Brevard, Lake, Orange, Osceola, Seminole, Sumter and Volusia counties. Council staff provides technical assistance in the areas of land use and environmental planning, emergency preparedness, geographic information systems (GIS), health, housing, urban design, transportation and economic and fiscal analysis among others. Because of the ECFRPC, member governments have received more than $10.6 million in federal grants since 2011. This represents a return on investment of $2.53 for every dollar paid in assessments.

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**

The City of St. Cloud and the Florida Turnpike are currently discussing the opportunity to build a new diamond interchange within city limits. As part of this process, City officials are interested in exploring the economic benefit of this project based on the potential to develop commercial properties near the new interchange. City officials hired The East Central Florida Regional Planning Council to estimate the economic impact that this project would have on the St. Cloud/Osceola County economy.

**Methodology, Inputs, and Assumptions**

The first step of this analysis was to determine the amount of money that will be invested for this project. The City of St. Cloud provided a development program that described both the potential land uses and building square footages that could be built on the actual site. The ECFRPC then used this information to determine the approximate construction cost for this project. This information is summarized in Figure 1. According to the Building Journal construction estimation tool, this commercial project will represent more than $50 million in construction investment.

The second part of the methodology was to estimate the direct jobs that could be created by this new commercial project. The ECFRPC used the project’s square footage to calculate the number of new positions using a job multiplier (1 job per 670 square feet). Based on this information, the project is expected to generate over 700 jobs (Figure 2).

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**Figure 1: Commercial Project Development Program**

<table>
<thead>
<tr>
<th>Type of Use</th>
<th>Building Square Footage</th>
<th>Estimated Construction Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restaurant/Retail</td>
<td>130,680</td>
<td>$16,731,609</td>
</tr>
<tr>
<td>Two-Story Mid Service Hotel</td>
<td>108,900</td>
<td>$10,502,878</td>
</tr>
<tr>
<td>Three-Story Mid Service Hotel/Conference Space</td>
<td>138,900</td>
<td>$13,183,718</td>
</tr>
<tr>
<td>Retail Outlet/Lifestyle Center</td>
<td>100,000</td>
<td>$9,583,959</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>478,480</strong></td>
<td><strong>$50,002,165</strong></td>
</tr>
</tbody>
</table>

Source: City of St. Cloud, Building Journal

**Figure 2: Estimated Jobs by Type of Use**

<table>
<thead>
<tr>
<th>Type of Use</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restaurant</td>
<td>195</td>
</tr>
<tr>
<td>Hotel</td>
<td>370</td>
</tr>
<tr>
<td>Retail Outlet/Lifestyle Center</td>
<td>149</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>714</strong></td>
</tr>
</tbody>
</table>

Sources: City of St. Cloud, ECFRPC research and calculations
This investment and job information was entered into the REMI model to calculate the economic impact that this project would have on the St. Cloud/Osceola County economy for the 2018 and 2019 years. The REMI Model looks at the direct, indirect and induced economic impacts. The direct effect is defined as the benefits created by the original investment (construction and new businesses). Besides these direct effects, the construction and operation of this new project 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 (Figure 3).

Summary of Economic Simulation Results

The results of this simulation are summarized in Figure 4. According to REMI, this commercial project will generate over 1,400 jobs during the construction and operation phases. It will also contribute $135 million in sales (output) and $44 million in personal income. The project will also add $84 million to the county’s gross regional product. These numbers reflect the economic impact of both the construction (2018) and operation (2019) parts of the project. The next sections of the report explain these figures in more detail.
Employment

This commercial project is expected to generate 1,426 jobs during the two-year period. This includes 1,426 direct, 78 indirect, and 202 induced jobs (Figure 3). This employment estimate includes full-time, part-time, and temporary positions, which the model gives equal weight.

Over 35 percent of all these new jobs will be created in the Construction industry. Another 26 percent of the newly created positions will be in the Accommodation industry sector. Other industries that will generate new jobs because of the construction and operation of this new commercial facility include Food Service and Drinking Places and Retail Trade among others (Figure 6).

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 $135 million in sales in the St. Cloud/Osceola County area during the two-year period. About 38 percent of these sales would be generated by the Construction sector. Accommodation would account for another 29 percent of sales (Figure 7).
**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 new development will add $44 million of personal income to city and county residents.

**Gross Regional Product (GRP)**

Finally, another important economic indicator 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 $84 million to St. Cloud/Osceola County’s GRP.

Based on the economic impact estimates provided by the REMI model, the Kissimmee Park Road Interchange project would have a positive impact on the economies of the City of St. Cloud and Osceola County.