

MEMO

November 2, 2009

To: Valdosta-Lowndes County Industrial Authority (VLCIA)

From: Clifford A. Lipscomb, Ph.D.
2602 Winding Way
Valdosta, GA 31602

Re: Economic Impact of Project Excel

Results

Using the IMPLAN model to analyze the economic impact of Project Excel on Lowndes County, **I estimate the economic impact of the project to be \$211.6 million.** To arrive at this estimate, the following assumptions were made:

- Construction activities, land purchase, and water/sewer infrastructure requirements will require \$120 million to be spent in Lowndes County.
- At build-out, the number of employees will be 450.
- The average annual salary per worker will be \$45,000.
- A ten-year tax abatement schedule is assumed for this project.
- Fringe benefits are valued at 15 percent of the annual salary per worker.
- This project will generate \$33,700 per year in taxes for the county's general fund.
- This project will generate \$542,600 per year in taxes for the county's education fund.
- Impacts related to additional sales tax collections (as Project Excel purchases items from other businesses in Lowndes County) are not included in the estimates.

Discussion

The direct economic impact of the project (\$143.8 million) is added to the indirect and induced impacts (\$67.8 million) to sum to the total economic impact (\$211.6 million). The indirect impacts consist of the expenditure and employment changes that result from subsequent business production and expenditures. In other words, indirect effects are the monies flowing into the local economy that come from individuals, businesses, and organizations related to the project's operations. Induced impacts are the changes in spending that capture all inter-institutional transfers, including subsequent household spending. These are the downstream effects of the project's operations and those of businesses dependent on the project's viability. *Note that the tax abatement schedule provided for Project Excel decreases the project's impact on the Lowndes County economy. In addition, any expenditures to businesses outside of Lowndes County will also decrease the projected impact.*

The employment impacts of Project Excel are also worth mentioning. Project Excel construction activities are likely to employ several hundred construction workers. In addition, the direct

employment impact of the project (450 jobs) will spur additional spending in Lowndes County. This additional spending by individuals and subsequent spending by businesses contributes to the indirect and induced impacts (992 jobs). Added together, we obtain the total employment impact of Project Excel (1,442 jobs).

Location Comparison

The VLCIA has noted that Project Excel is considering other locations. Below I provide a comparison of key economic indicators for these alternative counties - Grady and Decatur.

Table 1. Characteristics of Selected Counties

<i>Variable</i>	<i>Decatur</i>	<i>Grady</i>	<i>Lowndes</i>
Population, 2008	28,823	25,115	104,583
% Pop w/ Bachelor's degree	12.1%	10.6%	19.7%
Median HH Income, 2007	32,650	33,060	38,666
Persons below poverty, 2007	22.5%	22.2%	20.5%
Persons white non-Hispanic, 2008	54.8%	60.6%	60.0%

In closing, it appears that Project Excel is an excellent candidate for location in Lowndes County. In tough economic times, counties and cities must be willing to be creative in their business attraction efforts. Project Excel is not a typical project (lean manufacturing, logistics/distribution, etc.) for our community; but the current state of the economy is not typical, either. With above average wages, good employee benefits packages, and a strong contribution to the county's general and education funds, Project Excel seems like a strong contributor to the local Lowndes County economy.