

LOT J – JACKSONVILLE, FL ECONOMIC AND FISCAL IMPACT ANALYSIS



DATE
October 2020



October 21, 2020

Economic and Fiscal Impact Analysis for Lot J Entertainment District

C.H. Johnson Consulting, Inc. (Johnson Consulting) is pleased to submit this report regarding the proposed Lot J development project, which is part of the Jacksonville Live! Sports and Entertainment District in Jacksonville, Florida. Pursuant to our engagement, this report provides economic and fiscal impact estimates associated with each of the proposed program elements (residential, retail, office, hotel, and parking) of the proposed development, and considers Phase 1 only (previously, Johnson Consulting prepared projections for Phases 1 and 2 of the proposed project). *This report assumes the full development plan outlined in this report. If the analyzed plan does not proceed in full, projections will not be achieved, as calculated in the report.*

Johnson Consulting has no responsibility to update this report for events and circumstances occurring after the date of this report. As the scale of the global COVID-19 pandemic impact is still uncertain, our report outlines our assumptions based on experience from previous economic disruptions, but the actual impact will not be known for the foreseeable future. The findings presented herein reflect analyses of primary and secondary sources of information. Johnson Consulting used sources deemed to be reliable, but cannot guarantee their accuracy. Moreover, some of the estimates and analyses presented in this study are based on trends and assumptions, which can result in differences between projected results and actual results. Because events and circumstances frequently do not occur as expected, those differences may be material. This report is intended for the Clients' internal use and cannot be used for project underwriting purposes without Johnson Consulting's written consent.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely,

C.H. Johnson Consulting, Inc.

C.H. Johnson Consulting, Inc.

INTRODUCTION

The information and data herein supports an economic and fiscal impact analysis of the proposed Lot J in Jacksonville, Florida, which will serve as Phase 1 of a major mixed-use development that will transform and shape the future of the Northbank area.

SITE AND PROPOSED DEVELOPMENT

Currently a surface parking lot, the proposed development project is strategically located adjacent to the 67,200-seat TIAA Bank Field and the 5,500-seat Daily's Place amphitheater, and in immediate proximity of the Baseball Grounds of Jacksonville and the Jacksonville Veterans Memorial Arena. Figure 1 shows the proposed project area, highlighting 3 Phases of development, including Lot J (Phase 1) which is the subject of this report.

Figure 1



Source: Jacksonville I-C Parcel One

Phase 1 (Lot J) comprises 400 residential units, a Live! venue including 75,000 SF of ground level retail space, a 150-250-room hotel, 700 surface parking spaces and 700 garage parking spaces. The key program elements of Phase 1 are summarized in Figure 2.



Figure 2

Lot J Development, Jacksonville, Florida Summary of Development Program							
		Lot J - Phase 1					
Counts		Infra-structure	Live! Venue	Office	Residential Tower	Hotel	TOTAL Phase 1
Residential	units	-	-	-	400	-	400
Retail	SF	-	40,000	-	75,000	-	115,000
Office	SF	-	-	40,000	-	-	40,000
Hotel	rooms	-	-	-	-	200	200
Parking	spaces	700	-	-	700	-	1,400
Development Budget (\$000)		\$78,000	\$108,000	\$16,000	\$119,000	\$111,000	\$432,000

Source: Jacksonville I-C Parcel One

PRIOR STUDIES

At the time of preparing our analyses, a number of studies had been undertaken in relation to the proposed Lot J project:

- Jacksonville Apartments Residential Marketability Study (June 2018) – Valbridge Property Advisors
- The Offices at Sports Complex Consulting Report (September 2018) – CBRE
- Proposed Jacksonville Live! Hotel Market Study and Financial Projections (October 2018) – CBRE

This report integrates and builds upon data from these prior studies. We have conducted a high-level peer review of the prior studies listed above. Key assumptions and metrics from these studies form the basis of our analyses, cited as appropriate throughout our report.

METHODOLOGY

In order to prepare estimates of the economic and fiscal impacts of the proposed development project, Johnson Consulting performed the following tasks:

1. Reviewed materials prepared by the Client, and other consultants and advisors to the Client, including phasing diagrams and financial projections for the development.
2. Performed an economic and fiscal impact analysis of Phase 1 of the proposed project by its project components, using an IMPLAN input-output model specifically purchased from IMPLAN Group, LLC. IMPLAN is a nationally recognized model commonly used to estimate economic impacts. An input-output model analyzes the commodities and income that normally flow through the various sectors of the economy.



3. Calculated the tax revenues by jurisdiction over a 30-year time period. Our projections are presented in 5-year increments and assume a 2-year construction period.

ESTIMATED ECONOMIC AND FISCAL IMPACT ANALYSIS

When construction of the proposed development project is complete, retail and office space is leased and residential units are occupied, various transactions occurring on the improved site will generate ongoing, annual economic and fiscal impacts to the local and regional economies. Initial transactions occurring within each project element will 'ripple out' and generate indirect spending, induced spending, increased earnings, and employment, as well as various tax revenues for the local economy.

DEFINITIONS

ECONOMIC IMPACT

Economic impact is defined as incremental new spending in an economy that is the direct result of certain activities, facilities, or events. The levels of impacts are defined as follows:

- **DIRECT SPENDING** – is an expression of the spending that occurs as a direct result of the project being developed. For example, expenditures by shoppers, diners, and other business patrons at the various retail premises on the subject site are direct spending.
- **INDIRECT SPENDING** – consists of re-spending of the initial or direct expenditures, or, the supply of goods and services resulting from the initial direct spending at the project. For example, a shopper's direct expenditure on a retail purchase causes the store to purchase goods and other items from suppliers. The portion of these store purchases that come from within the local, regional, or state economies is counted as indirect spending.
- **INDUCED SPENDING** – represents changes in local consumption due to the personal spending by employees whose incomes are affected by direct and indirect spending. For example, a waiter at the restaurant may spend more because he/she earns more. The amount of the increased income the waiter spends in the local economy is called induced spending.
- **INCREASED EARNINGS** – measures increased employee and worker compensation related to the project being developed. This figure represents increased payroll expenditures, including benefits paid to workers locally. It also expresses how the employees of local businesses share in the increased outputs.
- **EMPLOYMENT** – measures the number of jobs supported in the study area related to the spending at the development. Employment impact is stated in the number of full-time equivalent jobs.

Indirect and induced spending, increased earnings, and employment are estimated using a set of multiplier rates shown in the Figure 3.



Figure 3

Lot J Development, Jacksonville, Florida Economic Impact Multipliers		
		Rate
Indirect Spending	0.395	per \$1 of direct spending
Induced Spending	0.363	per \$1 of direct spending
Increased Earnings	0.569	per \$1 of direct spending
Employment (FTE Jobs)	13.349	per \$1 million of direct spending

Source: IMPLAN, Johnson Consulting

FISCAL IMPACT ANALYSIS

Fiscal impact analysis measures the estimated tax revenues resulting from direct spending on certain activities, facilities, or events. For this analysis, the fiscal impact estimates focus on major categories of tax revenues that are directly affected by a resident, worker or visitor's activity – sales tax, hotel/ motel tax or bed tax, rental car surcharge, corporate income tax, and property tax. The current applicable tax rates are summarized in Figure 4.

Figure 4

Lot J Development, Jacksonville, Florida Applicable Tax Rates	
	Rates
Sales Tax	7.0%
Hotel/ Motel Tax	6.0%
Rental Car Surcharge	\$2.00*
Corporate Income Tax	0.31%**
Property Tax	1.144%

*Per rental car per day

**Reflecting an effective rate

Source: Florida Department of Revenue, City of Jacksonville



IMPACT OF RESIDENTIAL

Figure 5 summarizes the estimated spending and impacts associated with the residential housing at the proposed development, which is planned to comprise 400 housing units in Phase 1. As shown, in Year 5 the annual economic impact of the residential component of the project is estimated to include \$33 million of total spending, \$11 million in increased earnings, and support 197 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$2.4 million in tax revenues to the state and local governments. Over a 30-year period, the fiscal impact of the residential component of the project is projected to total \$102.3 million in tax revenues.

Figure 5

Lot J Development, Jacksonville, Florida Residential Estimated Spending and Impact										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
	2024	2025	2026	2027	2028	2033	2038	2043	2048	2053
KEY MEASURES OF ACTIVITIES										
Residential Units Built	400	-	-	-	-	-	-	-	-	-
Available Units	400	400	400	400	400	400	400	400	400	400
Occupied Units	340	350	360	360	360	360	360	360	360	360
Estimated HH Income	\$61,356	\$23	\$25	\$26	\$27	\$28	\$32	\$38	\$44	\$51
Est. Income Spent Locally	66.7%	\$16	\$17	\$18	\$18	\$19	\$22	\$25	\$29	\$34
Est. # of Employees (a)	10	10	10	10	10	10	10	10	10	10
Estimated Employee Salaries (\$M)	\$33,600	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.5	\$0.6	\$0.7	\$0.8
Est. Spending by Employees (\$M) (b)	\$20	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06	\$0.07	\$0.09	\$0.10	\$0.11
Rental Revenue (\$M)	\$5	\$5	\$5	\$6	\$6	\$7	\$8	\$9	\$10	\$12
Est. Property Value (\$M) (c)	\$85	\$87	\$90	\$93	\$96	\$111	\$128	\$149	\$173	\$200
ECONOMIC IMPACT (\$M)										
Direct Spending	\$16	\$17	\$18	\$18	\$19	\$22	\$25	\$29	\$34	\$39
Indirect Spending	0.395	6	7	7	7	9	10	12	13	15
Induced Spending	0.363	6	6	6	7	8	9	11	12	14
Total Spending	\$28	\$29	\$31	\$32	\$33	\$38	\$44	\$51	\$59	\$69
Increased Earnings	0.569	\$9	\$9	\$10	\$10	\$11	\$12	\$14	\$17	\$22
Employment (FTE Jobs)	13,349	186	192	197	197	197	197	197	197	197
FISCAL IMPACT (\$M)										
Sales Tax	7.0%	\$1.1	\$1.2	\$1.2	\$1.3	\$1.3	\$1.5	\$1.8	\$2.0	\$2.4
Hotel/ Motel Tax	6.0%	-	-	-	-	-	-	-	-	-
Rental Car Surcharge (per car per day)	\$2.00	-	-	-	-	-	-	-	-	-
Corporate Income Tax	0.309%	0.01	0.02	0.02	0.02	0.02	0.02	0.03	0.03	0.04
Property Tax	1.144%	1.0	1.0	1.0	1.1	1.1	1.3	1.5	1.7	2.0
Total		\$2.1	\$2.2	\$2.3	\$2.4	\$2.4	\$2.8	\$3.3	\$3.8	\$4.4
										\$102.3

a) Assumed to be one employee per 40 residential units.

b) Assumed to be \$20 per employee per day, for 5 days a week, 50 weeks a year.

c) Based on estimated development costs.

Source: Johnson Consulting



IMPACT OF RETAIL

Figure 6 summarizes the estimated spending and impacts associated with the retail component of the proposed development, which is planned to comprise 115,000 SF in Phase 1, including 75,000 SF of retail space in the Live! venue and 40,000 SF of retail space in the residential tower. As shown, in Year 5 the annual economic impact of the retail component is estimated to include \$79 million of total spending, \$26 million in increased earnings, and 476 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$3.3 million in tax revenues to the state and local governments. Over a 30-year period, the fiscal impact of the retail component of the project is projected to total \$139.0 million in tax revenues.

Figure 6

Lot J Development, Jacksonville, Florida										
RETAIL										
Estimated Spending and Impact										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
	2024	2025	2026	2027	2028	2033	2038	2043	2048	2053
KEY MEASURES OF ACTIVITIES										
Retail SF Built	115,000	-	-	-	-	-	-	-	-	-
Available Retail SF	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000
Occupied/ Leased Retail SF	92,000	94,875	97,750	97,750	97,750	97,750	97,750	97,750	97,750	97,750
Total Sales (\$M)	\$350	\$36.2	\$38.5	\$40.9	\$42.1	\$43.3	\$50.2	\$58.2	\$67.5	\$78.3
Estimated # of Employees (a)	\$120,000	268	277	285	285	285	285	285	285	285
Estimated Salaries and Wages (\$M)	\$33,600	\$10.1	\$10.8	\$11.4	\$11.8	\$12.1	\$14.1	\$16.3	\$18.9	\$21.9
Est. Spending by Employees (\$M) (b)	\$20	\$1.5	\$1.6	\$1.7	\$1.8	\$1.8	\$2.1	\$2.4	\$2.8	\$3.3
Est. Property Value (\$M) (c)	\$60.8	\$62.6	\$64.5	\$66.4	\$68.4	\$79.3	\$91.9	\$106.5	\$123.5	\$143.2
ECONOMIC IMPACT (\$M)										
Direct Spending	<i>Multiplier</i>	\$38	\$40	\$43	\$44	\$45	\$52	\$61	\$70	\$82
Indirect Spending	0.395	15	16	17	17	18	21	24	28	32
Induced Spending	0.363	14	15	15	16	16	19	22	26	30
Total Spending		\$66	\$71	\$76	\$77	\$79	\$92	\$107	\$124	\$143
Increased Earnings	0.559	\$21	\$23	\$24	\$25	\$26	\$30	\$35	\$40	\$46
Employment (FTE Jobs)	13,349	448	462	476	476	476	476	476	476	476
FISCAL IMPACT (\$M)										
Sales Tax	<i>Rate</i>	7.0%	\$2.6	\$2.8	\$3.0	\$3.1	\$3.2	\$3.7	\$4.2	\$4.9
Hotel/ Motel Tax	6.0%	-	-	-	-	-	-	-	-	-
Rental Car Surcharge (per car per day)	\$2.00	-	-	-	-	-	-	-	-	-
Corporate Income Tax	0.309%	0.11	0.12	0.13	0.13	0.13	0.16	0.18	0.21	0.24
Total		\$2.8	\$2.9	\$3.1	\$3.2	\$3.3	\$3.8	\$4.4	\$5.1	\$5.9
										\$139.0

a) Assumed to be one employee per \$120,000 of sales

b) Assumed to be \$20 per employee per day, for 5 days a week, 50 weeks a year

c) Based on development costs

Source: Johnson Consulting



IMPACT OF OFFICE

Figure 7 summarizes the estimated spending and impacts associated with the office space at the proposed development, which is planned to comprise 40,000 SF in Phase 1. As shown, in Year 5 the annual economic impact of the office component of the proposed development is estimated to include \$32 million of total spending, \$10 million in increased earnings, and support 192 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$700,000 in tax revenues to the state and local governments. Over a 30-year period, the fiscal impact of the office component of the project is projected to total \$27.7 million in tax revenues.

Figure 7

Lot J Development, Jacksonville, Florida OFFICE Estimated Spending and Impact										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
	2024	2025	2026	2027	2028	2033	2038	2043	2048	2053
KEY MEASURES OF ACTIVITIES										
Office SF Built	40,000	-	-	-	-	-	-	-	-	-
Available Office SF	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Occupied/ Leased Office SF	32,000	33,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000
Estimated # of Employees (a)	175	183	189	194	194	194	194	194	194	194
Estimated Employee Salaries (\$M)	\$33,600	\$7	\$7	\$8	\$8	\$8	\$10	\$11	\$13	\$15
Est. Spending by Employees (\$M) (b)	\$20	\$1.0	\$1.1	\$1.2	\$1.2	\$1.2	\$1.4	\$1.7	\$1.9	\$2.2
Total Sales (\$M) (c)	3	\$21	\$22	\$23	\$24	\$25	\$29	\$33	\$39	\$45
Est. Property Value (\$M) (d)		\$18	\$19	\$19	\$20	\$20	\$23	\$27	\$32	\$37
ECONOMIC IMPACT (\$M)										
Direct Spending (e)	<i>Multiplier</i>	\$15	\$16	\$17	\$18	\$18	\$21	\$25	\$28	\$33
Indirect Spending	0.395	6	6	7	7	7	8	10	11	13
Induced Spending	0.363	6	6	6	6	7	8	9	10	12
Total Spending		\$27	\$29	\$30	\$31	\$32	\$37	\$43	\$50	\$58
Increased Earnings	0.569	\$9	\$9	\$10	\$10	\$10	\$12	\$14	\$16	\$19
Employment (FTE Jobs)	13,349	181	187	192	192	192	192	192	192	192
FISCAL IMPACT (\$M)										
Sales Tax (f)	<i>Rate</i>	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.4	\$0.5	\$0.5	\$0.6
Hotel/ Motel Tax	7.0%	-	-	-	-	-	-	-	-	-
Rental Car Surcharge (per car per day)	6.0%	-	-	-	-	-	-	-	-	-
Corporate Income Tax	\$2.00	-	-	-	-	-	-	-	-	-
Corporate Income Tax	0.309%	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2
Property Tax	1.144%	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.4	0.5
Total		\$0.6	\$0.6	\$0.6	\$0.6	\$0.7	\$0.8	\$0.9	\$1.0	\$1.2
										\$27.7

a) Assumed to be one employee per 175 SF of leased office space.

b) Assumed to be \$20 per employee per day, for 5 days a week, 50 weeks a year.

c) Assumed to be 3 times salaries.

d) Based on development costs.

e) Assuming only 66.67% of tenants' business sales gets immediately re-spent in the local economy. Also including building operations.

f) Assuming only 15% of tenants' business sales is subject to sales tax.

Source: Johnson Consulting



IMPACT OF HOTEL

Figure 8 summarizes the estimated spending and impacts associated with the proposed hotel at the proposed development, which will comprise 150-250 guest rooms in Phase 1. As shown, in Year 5 the annual economic impact of the hotel component is estimated to include \$26.2 million of total spending, \$8.5 million in increased earnings, and support 157 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$2.8 million in tax revenues to the state and local governments. Over a 30-year period, the fiscal impact of the hotel component is projected to total \$118.3 million in tax revenues.

Figure 8

Lot J Development, Jacksonville, Florida HOTEL Estimated Spending and Impact										
	Year 1 2024	Year 2 2025	Year 3 2026	Year 4 2027	Year 5 2028	Year 10 2033	Year 15 2038	Year 20 2043	Year 25 2048	Year 30 2053
KEY MEASURES OF ACTIVITIES										
Available Rooms	200	200	200	200	200	200	200	200	200	200
Available Room Nights	73,200	73,000	73,000	73,000	73,000	73,000	73,000	73,000	73,200	73,000
Occupied Room Nights	46,848	50,370	54,020	54,020	54,168	54,020	54,020	54,020	54,168	54,020
Room Revenues (\$M)	\$8	\$9	\$10.4	\$10.7	\$11.1	\$12.8	\$14.9	\$17.2	\$20.0	\$23.1
F&B and Other Revenues (\$M)	\$2	\$2	\$2.4	\$2.5	\$2.5	\$2.9	\$3.4	\$4.0	\$4.6	\$5.3
Total Sales (\$M)	\$10	\$11	\$12.8	\$13.2	\$13.6	\$15.8	\$18.3	\$21.2	\$24.6	\$28.5
Estimated Employee Salaries (\$M)	35%	\$4	\$4	\$4.5	\$4.6	\$4.8	\$5.5	\$6.4	\$7.4	\$8.6
Estimated # of Employees (a)	1.0	200	200	200	200	200	200	200	200	200
Est. Spending by Employees (\$M) (b)	\$20	\$1	\$1	\$1.2	\$1.2	\$1.3	\$1.5	\$1.7	\$2.0	\$2.3
Est. Property Value (\$M) (c)	\$111	\$125	\$129	\$133	\$137	\$141	\$163	\$189	\$219	\$254
ECONOMIC IMPACT (\$M)										
Direct Spending	<i>Multiplier</i>	\$11	\$13	\$14.0	\$14.4	\$14.9	\$17.2	\$20.0	\$23.2	\$26.9
Indirect Spending	0.395	5	5	6	6	6	7	8	9	11
Induced Spending	0.363	4	5	5	5	5	6	7	8	10
Total Spending		\$20	\$22	\$25	\$25	\$26	\$30	\$35	\$41	\$47
Increased Earnings	0.569	\$7	\$7	\$8	\$8	\$8	\$10	\$11	\$13	\$15
Employment (FTE Jobs)	13,349	136	146	157	157	157	157	157	157	157
FISCAL IMPACT (\$M)										
Sales Tax	<i>Rate</i>	7.0%	\$0.3	\$0.4	\$0.4	\$0.4	\$0.5	\$0.6	\$0.7	\$0.8
Hotel/ Motel Tax	6.0%	0.5	0.6	0.6	0.6	0.7	0.8	0.9	1.0	1.2
Rental Car Surcharge (per car per day) (d)	\$2.00	0.05	0.05	0.06	0.07	0.07	0.08	0.09	0.11	0.12
Corporate Income Tax	0.309%	0.03	0.04	0.04	0.04	0.04	0.05	0.06	0.07	0.08
Property Tax	1.144%	1.4	1.5	1.5	1.6	1.6	1.9	2.2	2.5	2.9
Total		\$2.3	\$2.5	\$2.6	\$2.7	\$2.8	\$3.3	\$3.8	\$4.4	\$5.1
										\$118.3

a) Assumed to be one employee per hotel room

b) Assumed to be \$20 per employee per day, for 5 days a week, 50 weeks a year.

c) Based on development cost.

d) Assuming one rented car for every 2 occupied roomnights.

Source: Johnson Consulting



IMPACT OF PARKING

Figure 9 summarizes the estimated spending and impacts associated with the proposed surface parking component at the proposed development, which will comprise 700 spaces in Phase 1. As shown, in Year 5 the annual economic impact of the parking component is estimated to include \$8.6 million of total spending, \$2.8 million in increased earnings, and support 51 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$400,000 in tax revenues to the state and local governments. Over a 30-year period, the fiscal impact of the parking component is projected to total \$15.0 million in tax revenues.

Figure 9

Lot J Development, Jacksonville, Florida PARKING Estimated Spending and Impact											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	
	2024	2025	2026	2027	2028	2033	2038	2043	2048	2053	
KEY MEASURES OF ACTIVITIES											
Parking Spaces Built	700	-	-	-	-	-	-	-	-	-	-
Accumulative Spaces Built	700	700	700	700	700	700	700	700	700	700	700
Estimated Revenue	\$4	\$4	\$5	\$5	\$5	\$6	\$7	\$8	\$9	\$10	
Est. Property Value (\$M) (a)	\$25	\$25	\$26	\$27	\$28	\$32	\$37	\$43	\$50	\$58	
ECONOMIC IMPACT (\$M)											
Direct Spending	<i>Multiplier</i>	\$4	\$4	\$5	\$5	\$5	\$6	\$7	\$8	\$9	\$10
Indirect Spending	0.395	\$2	\$2	\$2	\$2	\$2	\$2	\$3	\$3	\$3	\$4
Induced Spending	0.363	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$3	\$3	\$4
Total Spending		\$8	\$8	\$8	\$8	\$9	\$10	\$11	\$13	\$15	\$18
Increased Earnings	0.569	\$2	\$3	\$3	\$3	\$3	\$4	\$4	\$5	\$6	
Employment (FTE Jobs)	13.349	51	51	51	51	51	51	51	51	51	51
FISCAL IMPACT (\$M)											
	<i>Rate</i>										
Sales Tax	7.0%	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.4	\$0.5	\$0.5	\$0.6	\$0.7
Hotel/ Motel Tax	6.0%	-	-	-	-	-	-	-	-	-	-
Rental Car Surcharge (per car per day)	\$2.00	-	-	-	-	-	-	-	-	-	-
Corporate Income Tax	0.309%	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.03	0.03	0.03
Total		\$0.3	\$0.3	\$0.3	\$0.3	\$0.4	\$0.4	\$0.5	\$0.6	\$0.6	\$0.7
											\$15.0

a) Based on development cost
Source: Johnson Consulting



ONE-TIME IMPACT OF CONSTRUCTION

The construction of the various components of the proposed development project will create a one-time influx of spending to the market, thereby resulting in a one-time economic and fiscal impact. Figure 10 shows the estimated construction impact, reflecting an estimated construction cost of \$432 million (in 2020-\$) over a two-year construction period (excluding land, development, FF&E, contingency and other costs). As shown, over the construction period for Phase 1, the fiscal impact of the construction of the project is estimated to total \$13.3 million in tax revenues.

Figure 10

Lot J Development, Jacksonville, Florida ALL LAND USES Estimated Economic and Fiscal Impact from Construction (\$Million)			
Ph. 1 Construction			
		2022	2023
CONSTRUCTION SPENDING			
Residential		\$42	\$87
Live! Venue/ Retail		38	79
Office		6	12
Hotel		39	81
Surface Parking Lot		3	6
Infrastructure et cetera		50	25
Total		\$178	\$289
DETAILED BREAKDOWN			
Spending on Labor (Wages)	55.0%	\$98	\$159
# of Construction Jobs	\$33,600	2,739	4,332
Est. Direct Local Spending by Workers	25.0%	\$24	\$40
Spending on Material	45.0%	\$80	\$130
Direct Material Spending in Jacksonville	50.0%	\$40	\$65
ECONOMIC IMPACT (\$M)			
Direct Spending	<i>Multiplier</i>	\$64	\$105
Indirect Spending	0.395	25	41
Induced Spending	0.363	23	38
Total Spending		\$113	\$184
Increased Earnings	0.569	\$37	\$60
Employment (FTE Jobs)	13.349	810	1,281
FISCAL IMPACT (\$M)			
Sales Tax	<i>Rate</i>	\$4.5	\$7.3
Hotel/ Motel Tax	7.0%	-	-
Rental Car Surcharge (per car per day)	6.0%	-	-
Corporate Income Tax	\$2.00	0.5	0.9
Property Tax	0.309%	-	-
Total		\$5.1	\$8.2
Total Fiscal Impact during Construction:		\$13.3	

Source: Johnson Consulting



TOTAL IMPACT OF PROJECT

Figure 11 summarizes the estimated spending and impacts associated with Lot J (or Phase 1), during construction and in 5-year increments and cumulatively over a 30-year period. As shown, and stated above, the construction activities are estimated to generate \$13.3 million in fiscal impact. After project opening and stabilization in Year 5 the annual economic impact of the proposed development is estimated to include \$179 million of total spending, \$58 million in increased earnings, and support 1,070 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$9.5 million in tax revenues to the state and local governments. Over a 30-year period, the fiscal impact of the project is projected to total \$402.2 million in tax revenues.

Figure 11

Lot J Development, Jacksonville, Florida ALL LAND USES Estimated Economic and Fiscal Impact (\$Million)													
		Ph. 1 Construction		Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
		2022	2023	2024	2025	2026	2027	2028	2033	2038	2043	2048	2053
DIRECT SPENDING (\$M)													
Construction		\$178	\$289	-	-	-	-	-	-	-	-	-	-
Operations		<i>Total Built-Out</i>											
Residential	400 units	-	-	\$16	\$17	\$18	\$18	\$19	\$22	\$25	\$29	\$34	\$39
Retail	115,000 SF	-	-	38	40	43	44	45	52	61	70	82	95
Office	40,000 SF	-	-	15	16	17	18	18	21	25	28	33	38
Hotel	200 rooms	-	-	11	13	14	14	15	17	20	23	27	31
Parking	700 spaces	-	-	4.3	4.4	4.6	4.7	4.9	5.6	6.5	7.6	8.8	10.2
Subtotal		-	-	\$85	\$90	\$96	\$99	\$102	\$118	\$137	\$159	\$184	\$213
Total		\$178	\$289	\$85	\$90	\$96	\$99	\$102	\$118	\$137	\$159	\$184	\$213
ECONOMIC IMPACT (\$M)													
Direct Spending		\$178	\$289	\$85	\$90	\$96	\$99	\$102	\$118	\$137	\$159	\$184	\$213
Indirect Spending		70	114	33	36	38	39	40	47	54	63	73	84
Induced Spending		64	105	31	33	35	36	37	43	50	58	67	77
Total Spending		\$312	\$508	\$149	\$158	\$169	\$174	\$179	\$208	\$241	\$279	\$324	\$375
Increased Earnings		\$101	\$165	\$48	\$51	\$55	\$56	\$58	\$67	\$78	\$90	\$105	\$121
Employment (FTE Jobs)		2,234	3,533	1,003	1,037	1,073	1,073	1,070	1,070	1,070	1,070	1,070	1,070
FISCAL IMPACT (\$M)													
Sales Tax		\$4.5	\$7.3	\$4.7	\$5.0	\$5.3	\$5.4	\$5.6	\$6.5	\$7.5	\$8.7	\$10.1	\$11.7
Hotel/ Motel Tax		-	-	0.5	0.6	0.6	0.6	0.7	0.8	0.9	1.0	1.2	1.4
Rental Car Surcharge		-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Corporate Income Tax		0.5	0.9	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.5	0.6
Property Tax		-	-	2.6	2.7	2.8	2.8	2.9	3.4	3.9	4.6	5.3	6.1
Total		\$5.1	\$8.2	\$8.1	\$8.5	\$9.0	\$9.3	\$9.5	\$11.0	\$12.8	\$14.8	\$17.2	\$20.0
Total Fiscal Impact from Construction:		\$13.3		30-year Total Fiscal Impact from Operations:									\$402.2

Source: Johnson Consulting

Figure 12 provides a snapshot of the annual economic and fiscal impact of the proposed project, by project element, in a stabilized year of operation (Year 5).



Figure 12

Lot J Development, Jacksonville, Florida Types of Economic and Fiscal Impact (Stabilized Year)						
Program Element	Proposed Program	Types of Impact	Assumptions	Direct Spending (\$M)	Total Spending (\$M)	Fiscal Impact (\$M)
Residential	400 units	Spending by Residents within District; Spending by Residents outside of District; Spending by Employees; Talent attraction/ retention impact to businesses; Demand from new employees relocating to market; Tax Revenues.	Av. HH Income \$61,356	\$18.7	\$32.9	\$2.4
Retail	115,000 SF	Spending by local residents and workers; Spending by visitors; Spending by employees; New national brands; Tax Revenues.	\$350 sales/ SF	\$45.1	\$79.4	\$3.3
Office	40,000 SF	Spending by employees; New employees relocating to market; Tax Revenues.	194 workers	\$18.3	\$32.1	\$0.7
Hotel	150-250 Rooms	Guest spending on rooms, F&B and other; Spending by employees; Retail spend by hotel guests; Overflow demand to area hotels; Tax Revenues.	54,168 occupied room nights	\$14.9	\$26.2	\$2.8
Surface Parking	700 spaces	Spending by residents, workers and visitors; Tax Revenues.	Av. \$15 per space/ day	\$4.9	\$8.6	\$0.4
Total				\$101.9	\$179.2	\$9.5

Source: Johnson Consulting

CONCLUSION

The proposed Lot J project and the broader development will play a critical role in enhancing the long-term attractiveness and success of the Northbank area of downtown Jacksonville. Each proposed land use will contribute to this overall success in a variety of ways, as follows:

- **Residential:** Attracts a critical mass of residents to the downtown core, to a range of housing types and supports the overall urbanization of the local area, which is a trend being observed nationally in similar cities. New housing will also support talent recruitment and retention by providing sources of labor close to employers.
- **Retail:** Provides new and attractive retail opportunities for residents and visitors alike. This will serve to enhance the overall image of Jacksonville and provide necessary amenities to drive demand to the downtown core.
- **Office:** By increasing the inventory of Class A office space in the Northbank area, Lot J Development will help to attract new talent to the Jacksonville and Florida economy, and help to alleviate the current flow of workers and businesses out of the market.



- **Hotel:** The new hotel properties will serve to strengthen the image of Jacksonville as a destination for corporate, group and leisure travelers. They will also increase the critical mass of hotels in the downtown core, thereby helping to drive up Average Daily Rates (ADR) and Revenue per Available Room (RevPAR) at existing properties. The proposed hotel in Lot J Development will provide the support necessary to allow businesses and cultural entities to advance.
- **Jobs:** The model assumes an average base salary of \$33,600 for construction and permanent jobs, which is consistent with current per capita income data for Jacksonville and Duval County. The impact of Lot J equates to an average salary for construction and permanent jobs of \$48,010 in Year 1, reflecting a variety of employment types and associated salary ranges, and is consistent with the average salaries reported in the Jacksonville Metropolitan Statistical Area (MSA) and Florida.

As it relates to the existing anchor attractions (TIAA Bank Field, Daily's Place, the Baseball Grounds of Jacksonville and the Jacksonville Veterans Memorial Arena), Lot J will support ongoing patronage and success of these venues by providing a critical mass of proximate activity and an extensive inventory of complementary amenities. Indeed, the impact of Lot J (or Phase 1) will be immense, with an estimated fiscal impact of \$456.6 million over a 30-year period.