

**MIDDLE
TENNESSEE**
STATE UNIVERSITY

JONES COLLEGE OF BUSINESS
Business and Economic Research Center

Economic Impact and Cost/Benefit Analysis
Harpeth Square Project, Franklin, TN

Murat Arik, Ph.D., PDBP, Interim Director

Harpeth Square Development



BUSINESS AND ECONOMIC RESEARCH CENTER

Community Character

Community Character

- Harpeth Square will encompass a mix of uses including residential, retail, and hotel space that complement the culture and community of historic Franklin.
- The architecture will be designed with timeless proportions and quality materials that resonate and respect the historic architecture.

Source: Harpeth Associates LLC

Impact on Infrastructure and the Environment from Capital Investment

Infrastructure and Environment

- Improvements will be made on East Main Street, Franklin Road, 1st Avenue, 2nd Avenue, and Bridge Street. These improvements range from adding pedestrian crosswalks to upsizing the existing water line. The improvements will not only improve traffic but also safety.
- Harpeth Square Development will also construct a regional storm water quality and quantity feature. This feature will capture and treat large volumes of storm water before releasing it into the Harpeth River.

Source: Harpeth Associates LLC

Total Investment

Cost of Harpeth Square Project

Total Investment: Harpeth Square Project

Type of Investment	Units	Type	Cost per Unit	Total Cost
Retail/Restaurant	15,000	SF	\$110	\$1,650,000
Apartments	143	Units	\$179,831	\$25,715,815
Garage	562	Spaces	\$14,087	\$7,916,656
Hotel	115	Keys	\$301,528	\$34,675,802
Total Cost				\$69,958,273

Source: BERC and Harpeth Associates LLC

Harpeth Square Project: Timeline

Harpeth Square Project Timeline

- Project will be completed in two years.
- Hotel, restaurant, and retail establishments will be in operation in second year.
- Apartments will be available for rent in second year.

Source: Harpeth Associates LLC

Salaries and Education Requirements of New Jobs

Once operational, the project will include 155 permanent jobs in Williamson County.

Harpeth Square Development: Permanent Direct Jobs		
Operation	SF/Employee	Employees
Retail (10,000 SF)	549	18
Restaurant (5000 SF)	134	37
Hotel (107,829 SF)	1,124	96
Apartments		4
Total Employment		155

Source: BERC and Institute of Transportation Engineers and US Department of Energy

Retail Occupations and Average Wages (Tennessee, 2013)

Distribution of Retail Occupations	Number of Jobs	Average Wage (Tennessee)
Management occupations	1	\$90,050
Supervisors of sales workers	2	\$39,220
Retail sales workers	9	\$25,030
Information and record clerks	1	\$36,660
Material recording, scheduling, dispatching, and distributing workers	4	\$33,500
Transportation and material moving occupations	1	\$31,610
Total Jobs	18	

Source: BERC and Bureau of Labor Statistics (BLS)

Restaurant Occupations and Average Wages (Tennessee, 2013)

Distribution of Restaurant Occupations	Number of Jobs	Average Wage (Tennessee)
Management occupations	1	\$90,050
Supervisors of food preparation and serving workers	2	\$37,860
Cooks and food preparation workers	9	\$20,000
Food and beverage serving workers	17	\$17,820
Other food preparation and serving related workers	7	\$20,320
Sales and related occupations	1	\$34,110
Total Jobs	37	

Source: BERC and Bureau of Labor Statistics (BLS)

Lodging Occupations, Average Wages (Tennessee, 2013)

Source: BERC and
Bureau of Labor
Statistics (BLS)

Distribution of Lodging Occupations	Number of Jobs	Average Wage (Tennessee)
Top executives	1	\$157,070
Advertising, marketing, promotions, public relations, and sales managers	1	\$75,250
Operations specialties managers	1	\$71,820
Other management occupations	2	\$46,830
Business and financial operations occupations	1	\$61,180
Arts, design, entertainment, sports, and media occupations	1	\$47,770
Protective service occupations	2	\$34,220
Supervisors of food preparation and serving workers	2	\$37,860
Cooks and food preparation workers	5	\$20,060
Food and beverage serving workers	12	\$17,820
Other food preparation and serving related workers	5	\$20,330
Supervisors of building and grounds cleaning and maintenance workers	2	\$39,680
Building cleaning and pest control workers	26	\$30,410
Grounds maintenance workers	1	\$31,880
Personal care and service occupations	7	\$22,480
Retail sales workers	1	\$39,220
Sales representatives, services	1	\$52,620
Supervisors of office and administrative support workers	1	\$48,820
Financial clerks	2	\$38,420
Information and record clerks	13	\$36,660
Secretaries and administrative assistants	1	\$29,560
Other office and administrative support workers	1	\$34,510
Other installation, maintenance, and repair occupations	4	\$35,780
Textile, apparel, and furnishings workers	2	\$24,770
Transportation and material moving occupations	1	\$31,610
Total Jobs	96	

Real Estate Occupations and Average Wages (Tennessee, 2013)

	Number of Jobs	Average Wage (Tennessee)
Distribution of Apartment Management Jobs		
Property, real estate, and community association managers	2	\$44,227
Counter and rental clerk	1	\$25,877
Maintenance workers	1	\$31,880
Total Jobs	4	

Source: BERC and Bureau of Labor Statistics (BLS)

Education Requirements of Jobs Created

Educational Requirements of Jobs Created

Master's Degree	1
Bachelor's Degree	9
Associate's Degree	3
High School Diploma	121
Less Than High School Diploma	21
Total Jobs	155

Source: BERC and ONET Online (Onetonline.org)

Average Wages in Williamson County Q2 2014

Average Annual Wages in Williamson County (Q2 2014)

Industry	Annual Average Wage
All Industries	\$56,368
Trade, Transportation and Utilities	\$43,316
Leisure and Hospitality	\$20,020
Real Estate	\$72,384

Source: BERC and Bureau of Labor Statistics (BLS)

Financial strength and stability

Population
Dynamics/
Taxable
Household
Expenditure

Consumer Expenditure Breakdown (Renters)

Total income (I)	100%
Income after taxes (J)	93%
Housing expenses (K)	38.20%
Estimated expenditure subject to sales tax (L)	30.20%
Estimated state sales tax (7%)	\$234,175
Williamson County/Franklin sales tax	2.25%
Estimated sales tax due to household spending	\$75,271
Available apartments (A)	147
Rental occupancy rate (B)	95%
Total occupied units (C)	140 A*B
Average household size in Franklin City (D)	2.56
Total new population (E)	358 C*D
Median household income in Franklin City (2013) (F)	\$79,124
Median income subject to sales tax (G)	\$23,895 F*L
Total household expenditure subject to sales tax (H)	\$3,345,363 G*C

Source: BERC, Census Bureau, and Bureau of Labor Statistics (BLS)

Number of New Visitors and Their Local Spending

Typical Visitor Spending	Percent Breakdown	\$/Per Day	Total Spending
Travel	10.45%	\$73.25	\$2,552,114
Retail	19.85%	\$139.15	\$4,847,795
Lodging	32.40%	\$227.00	\$7,908,453
Entertainment	19.85%	\$139.15	\$4,847,795
Food and Drink	17.56%	\$123.10	\$4,288,528
Total Visitor Spending	100.00%	\$701.00	\$24,444,683

Hotel Information

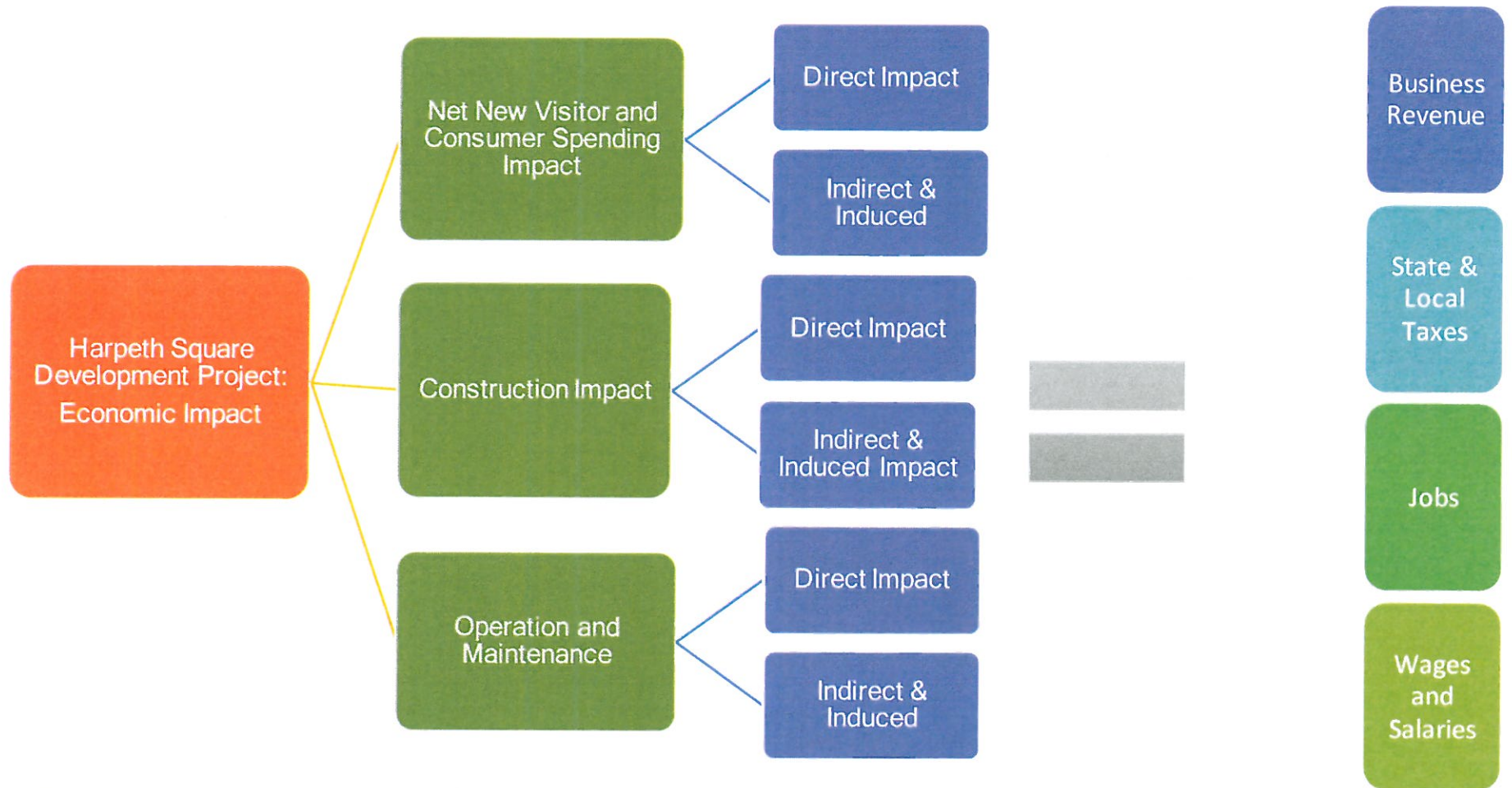
Total Room	115
Occupancy Rate	83%
Total Nights	34,839
Total Hotel Days	34,839
Average Room Rate	\$227

Source: BERC, Various Sources on Visitor Expenditures, and Harpeth Associates LLC

Economic and Fiscal Impact Assessment

Conceptual Framework

Projected Economic Impact of the Proposed Harpeth Square Development in Franklin City



To avoid double-counting,
we excluded total sales associated with
restaurant and retail operations.

Impact on Existing Businesses and Local Taxes

Short-Term Economic/Fiscal Impact: Construction Phase

Construction Year 1 (\$2015)

Impact Type	Jobs	Wages and Salaries	Business Revenue
Direct Effect	220	\$11,881,262	\$34,979,187
Indirect and Induced Effect	157	\$8,532,087	\$20,976,816
Total Effect	377	\$20,413,349	\$55,956,003

Construction Year 2 (\$2015)

Direct Effect	220	\$11,881,262	\$34,979,187
Indirect and Induced Effect	157	\$8,532,087	\$20,976,816
Total Effect	377	\$20,413,349	\$55,956,003

Source: BERC, and IMPLAN

Short-Term Economic/Fiscal Impact: Construction Phase

Taxes on Businesses and Households Year 1	Total Taxes	Local	State
Building Permit and Fees	\$3,157,201	\$3,157,201	
Sales Tax	\$670,714	\$163,147	\$507,567
Property Tax	\$308,522	\$308,522	
Motor Vehicle License	\$41,993	\$41,993	
Other Taxes	\$113,637	\$113,637	
NonTaxes (Fines- Fees)	\$128,446	\$128,446	
Total State and Local Taxes	\$4,420,513	\$3,912,946	\$507,567

Taxes on Businesses and Households Year 2	Total Taxes	Local	State
Sales Tax	\$670,714	\$163,147	\$507,567
Property Tax	\$308,522	\$308,522	
Motor Vehicle License	\$41,993	\$41,993	
Other Taxes	\$113,637	\$113,637	
NonTaxes (Fines- Fees)	\$128,446	\$128,446	
Total State and Local Taxes	\$1,263,312	\$755,745	\$507,567

Source: BERC, and IMPLAN

Economic/Fiscal Impact of Visitor and Household Spending

Induced Effect of New Household Spending on the Economy

Impact Type	Jobs	Wages and Salaries	Business Revenue
Direct Effect	0	\$0	\$0
Induced Effect	24	\$1,223,949	\$3,144,575
Total Effect	24	\$1,223,949	\$3,144,575

Sales Tax and Other Taxes and Fees	Taxes and Fees
Motor Vehicle License	\$3,486
Other Taxes	\$15,602
NonTaxes (Fines- Fees)	\$11,725
Local Sales Tax (Williamson/Franklin)	\$75,271
State Sales Tax	\$234,175

Source: BERC, and IMPLAN

Economic/Fiscal Impact of Visitor and Household Spending

Impact of New Visitor Spending Associated with the Proposed Hotel

Impact Type	Jobs	Wages and Salaries	Business Revenue
Direct Effect*	245	\$7,180,334	\$20,920,338
Indirect and Induced Effect	116	\$6,046,813	\$15,503,100
Total Effect	361	\$13,227,147	\$36,423,438

*Direct effect includes total direct jobs associated with the proposed development.

Source: BERC, and IMPLAN

Economic/Fiscal Impact of Visitor and Household Spending

Description	Total Taxes	Local	State
Sales Tax	\$1,170,516	\$280,924	\$889,592
Motor Vehicle License	\$38,727	\$38,727	
Other Taxes*	\$178,287	\$178,287	
NonTaxes (Fines- Fees)	\$131,117	\$131,117	
Property Tax (All Components)		\$761,798	
Occupancy Tax (City of Franklin)		\$373,229	

*Other Taxes also include "Franchise and Excise Tax."

Source: BERC, and IMPLAN

Benefit/Cost Estimates: Cost Assumptions

Total County Population (2013)	198,901
Total Williamson County and Franklin City Expenditures (2014)	\$492,752,364
Per Capita Annual Expenditure (A)	\$2,477
Total Number of New Residents (B)	358
Estimated Cost of New Residents to the County and City (A*B)	\$886,900

Source: BERC, Census Bureau, and IMPLAN

Benefit/Cost Estimate

Sales, Property, and Other Taxes and Fees Associated with the Proposed Harpeth Square Development (\$2015)

Benefits (Property, Sales and Other Taxes and Fees)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Building Permit and Fees	\$3,157,201					
Property Tax (Hotel, Retail, Apartments)		\$761,798	\$761,798	\$761,798	\$761,798	\$761,798
Property Tax (Construction Activity)	\$308,522	\$308,522				
Sales Tax Construction Phase (Williamson/Franklin)	\$163,147	\$163,147				
Sales Tax Household Spending (Williamson/Franklin)		\$75,271	\$75,271	\$75,271	\$75,271	\$75,271
Sales Tax New Visitor Spending (Williamson/Franklin)		\$280,924	\$280,924	\$280,924	\$280,924	\$280,924
Other Taxes and Fees Associated with Construction Phase*	\$284,076	\$284,076				
Other Taxes and Fees Associated with Household Expenditure*		\$30,813	\$30,813	\$30,813	\$30,813	\$30,813
Other Taxes and Fees Associated with New Visitor Spending*		\$348,131	\$348,131	\$348,131	\$348,131	\$348,131
Occupancy Tax (City of Franklin)		\$264,998	\$314,309	\$349,020	\$363,373	\$377,309
Total Property, Sales and Other Taxes and Fees Estimates	\$3,912,946	\$2,517,679	\$1,811,246	\$1,845,957	\$1,860,310	\$1,874,246

Cost of Additional Population to the County and City Finances \$886,900 \$886,900 \$886,900 \$886,900 \$886,900

Total Benefits (Year 1-Year 6) (\$2015) \$13,822,383

Total Costs (Year 1-Year 6) (\$2015) \$4,434,500

Benefit/Cost Ratio** 3.12

****Other Taxes and Fees" also include "Franchise and Excise Taxes" associated with the operation of the proposed business activities.**

Source: BERC, Census Bureau, and IMPLAN

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Thank you!

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