

CONNECTED CITY

FISCAL BENEFITS AND ECONOMIC IMPACT ANALYSIS

PASCO COUNTY PASCO COUNTY MUNICIPAL FIRE SERVICE

MAY 8, 2016

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EXECUTIVE SUMMARY

Metro Development Group is spearheading the creation of the country's first technological mecca within the "Connected City Corridor" in Pasco County, Florida. The concept is part of a pilot program of the Florida legislation to create the state's first "Connected City" to provide an ultra-fast communications network destined to attract industries with high-paying jobs and entrepreneurs with new technologies to the area. In addition, Connected City is expected to embody all of the best elements of modern urban design including multimodal transportation networks, a range of housing types, conservation elements and cutting-edge amenities.

ECONOMIC IMPACTS FOR PASCO COUNTY

During the 50-year (2016-2065) development of Connected City, construction activity will:

- Sustain, on average, 918 direct construction-related jobs and 1,480 total jobs annually
- Sustain, on average, \$60.4 million in annual labor income
- Create through buildout, \$3.0 billion in labor income
- Sustain, on average, \$220.0 million in total output annually
- Create through buildout, \$11.0 billion in total output

From the occupancy of finished residences and commercial facilities (e.g. office, retail, industrial, etc.), Connected City will:

- Create, on average, 1,302 new permanent jobs, \$49.5 million in labor income, and \$178.7 million in output each year through 2065
- Create 42,632 direct onsite and 65,108 total permanent jobs at buildout
- Create \$2.5 billion in annual labor income at buildout
- Create \$8.9 billion in annual output at buildout
- Increase Pasco County's population by 68,463 persons at buildout

FISCAL BENEFITS FOR PASCO COUNTY

From the occupancy of finished residences and businesses, assuming no annual appreciation in property values over the buildout period, Connected City will:

- Increase the Pasco County property tax base by \$5.4 billion at buildout
- Generate annual Pasco County general fund property taxes and other revenues of \$48.9 million at buildout
- Generate Pasco County general fund property taxes and other revenues of \$1.4 billion cumulatively over buildout
- Generate annual Pasco County Municipal Fire property taxes of \$9.2 million at buildout and \$270.1 million cumulatively over buildout

INTRODUCTION

This report summarizes the fiscal benefits and economic impact of Connected City, a community of approximately 37,345 residential units, and 12.8 million square feet of nonresidential uses, planned for development by Metro Development Group in Pasco County, Florida (“County”). Connected City is in a special planning area bordered by State Road 52, I-75, Curley Road, and Overpass Road.

LONG-TERM CONSTRUCTION SECTOR ECONOMIC BENEFITS

The 50-year buildout of Connected City will create construction period benefits over a sustained period of time compared to traditional development projects that may take only three to five years to construct. Construction is an important component of many local economies, so the 50-year construction activity of Connected City will be a vital economic contributor to the County.

CONNECTED CITY DEVELOPMENT PROGRAM

The development program for Connected City is shown in Table 1 and reflects the allocation of housing types and the significant nonresidential components.

Table 1: Connected City Development Program

Incremental Build out in Years	15	10	25	50
Land Use	2016-2030	2031-2040	2041-2065	Total
NonResidential (in Square Feet):				
Retail	662,000	607,000	4,333,000	5,602,000
Office	691,000	1,037,000	3,557,000	5,285,000
Industrial	272,000	484,000	1,158,000	1,914,000
Total NonResidential	1,625,000	2,128,000	9,048,000	12,801,000
Residential (In Units):				
Multifamily	2,600	5,000	19,207	26,807
Single Family	8,300	2,238	-	10,538
Total Residential Units	10,900	7,238	19,207	37,345

Source: Metro Development Group, DPF, 2016

KEY ASSUMPTIONS

All amounts in this report are presented in constant dollars (2016). Results are rounded to the nearest one thousand dollars (\$1,000).

Millage rates per \$1,000 valuation are held constant throughout the study period at the current County millage rate of 7.3441 and the County Municipal Service Fire District millage rate of 1.7165.

Taxable value per unit assumptions for residential and nonresidential land uses are based on Table E-4, “Tax Increment Credit Analysis,” in the 2014 Multi-Modal Mobility Fee Update Study and are markedly conservative compared to 2016 new construction values. For example, the nonresidential taxable values are potentially 30 to 60 percent of 2016 market values.

Table 2: Connected City Taxable Value per Product Type

Land Use	Tax Value per sf/Unit
NonResidential	
Retail	\$ 100
Office	\$ 53
Industrial	\$ 35
Multifamily	\$ 70,000
Single Family:	
Less than 1,500 sf	\$ 93,000
1,501 to 2,500 sf	\$ 127,500
2,501 and up	\$ 330,000

Source: Pasco County, DPF, 2016

Per capita estimates for state and other local revenue sources are based on the County’s FY2016 budget.

Vacancy rates were assumed to be 10 percent for all nonresidential land uses. Taxable retail sales of \$300 per square foot were applied to the retail land uses to estimate the Penny for Pasco infrastructure surtax.

CONNECTED CITY FISCAL BENEFITS ANALYSIS

PASCO COUNTY FISCAL BENEFITS

At buildout, the Connected City County tax base will exceed \$5.4 billion with 52 percent of the total tax base designated as non-single family residential. In comparison, the County’s current tax base is approximately 32 percent non-single family residential. The Pasco County Strategic Plan established a goal of 40 percent for non-single family residential land uses. The Connected City development program exceeds that goal.

Table 3: Connected City – Pasco County Tax Base

PASCO COUNTY TAX BASE	2030	2040	2065
Single Family Residential	\$2,332,215,000	\$2,587,175,000	\$2,587,640,000
Commercial (includes Multifamily)	294,615,000	777,635,000	2,785,835,000
Total	\$2,626,830,000	\$3,364,810,000	\$5,373,475,000
Single-Family Residential	89%	77%	48%
Commercial (includes Multifamily)	11%	23%	52%
Total	100%	100%	100%

Source: Metro Development Group, Pasco County, DPF, 2016

At buildout, the Connected City County tax base is expected generate annual property taxes of \$39.5 million for the County. Over the buildout period, Connected City is projected to generate \$1.2 billion in County property tax revenues.

Table 4: Connected City – Cumulative County Property Tax Revenues

Land Use	15-YEAR Cumulative 2016-2030	10-YEAR Cumulative 2031-2040	15-YEAR Cumulative 2041-2065	50-YEAR Cumulative 2016-2065	Annually at Buildout 2065
NonResidential:					
Retail	\$ 3,889,000	\$ 7,313,000	\$ 64,668,000	\$ 75,870,000	\$ 4,114,000
Office	2,163,000	4,940,000	35,030,000	\$ 42,133,000	\$ 2,070,000
Industrial	562,000	1,390,000	8,768,000	\$ 10,720,000	\$ 494,000
Total NonResidential	\$ 6,614,000	\$ 13,643,000	\$ 108,466,000	\$ 128,723,000	\$ 6,678,000
Multifamily	\$ 10,675,000	\$ 27,505,000	\$ 225,997,000	\$ 264,177,000	\$ 13,781,000
Single Family:					
Less than 1,500 sf	\$ 4,508,000	\$ 6,467,000	\$ 17,904,000	\$ 28,879,000	\$ 720,000
1,501 to 2,500 sf	18,653,000	26,767,000	74,000,000	\$ 119,420,000	\$ 2,960,000
2,501 and up	96,554,000	138,562,000	383,100,000	\$ 618,216,000	\$ 15,324,000
Total Single Family	\$ 119,715,000	\$ 171,796,000	\$ 475,004,000	\$ 766,515,000	\$ 19,004,000
Property Tax Revenue	\$ 137,004,000	\$ 212,944,000	\$ 809,467,000	\$ 1,159,415,000	\$ 39,463,000
AVERAGE ANNUAL REVENUE	\$ 9,134,000	\$ 21,294,000	\$ 32,379,000		

Source: Metro Development Group, Pasco County, DPGF, 2016

Other County revenues, 50-year cumulatively and at buildout, are reflected in Table 5.

Table 5: Connected City – Cumulative County Other Revenues

	15-YEAR Cumulative 2016-2030	10-YEAR Cumulative 2031-2040	15-YEAR Cumulative 2041-2065	50-YEAR Cumulative 2016-2065	Annually at Buildout 2065
STATE SOURCES					
1/2 Cent Sales Tax	\$ 9,668,000	\$ 15,921,000	\$ 69,251,000	\$ 94,840,000	\$ 3,568,000
20% Constitutional Gas Tax	304,000	501,000	2,179,000	2,984,000	112,000
80% Constitutional Fuel Tax	1,224,000	2,016,000	8,769,000	12,009,000	452,000
County Gas and Special Fuel Tax	648,000	1,067,000	4,637,000	6,352,000	239,000
Ninth Cent Fuel Tax	773,000	1,274,000	5,540,000	7,587,000	285,000
State Revenue Sharing	3,876,000	6,384,000	27,769,000	38,029,000	1,431,000
Telecommunication Service Tax	1,864,000	3,067,000	13,340,000	18,271,000	687,000
TOTAL STATE SOURCES	\$ 18,357,000	\$ 30,230,000	\$ 131,485,000	\$ 180,072,000	\$ 6,774,000
OTHER LOCAL SOURCES					
Penny for Pasco	\$ 5,361,000	\$ -	\$ -	\$ 5,361,000	\$ -
Local Option Fuel Tax	3,960,000	6,520,000	28,355,000	38,835,000	1,461,000
Second Option Fuel Tax	3,197,000	5,265,000	22,894,000	31,356,000	1,180,000
TOTAL OTHER LOCAL SOURCES	\$ 12,518,000	\$ 11,785,000	\$ 51,249,000	\$ 75,552,000	\$ 2,641,000

Note: The Penny for Pasco infrastructure surtax is set to expire in 2024.

Source: Pasco County, DPGF, 2016

In total, Connected City is projected to generate General Fund and other revenues of \$48.9 million annually at build out and \$1.4 billion in cumulative County revenues over buildout.

Table 6: Connected City – Cumulative County Revenues

	15-YEAR Cumulative 2016-2030	10-YEAR Cumulative 2031-2040	15-YEAR Cumulative 2041-2065	50-YEAR Cumulative 2016-2065	Annually at Buildout 2065
AD VALOREM TAXES					
Pasco County Ad Valorem Taxes	\$ 137,004,000	\$ 212,944,000	\$ 809,467,000	\$1,159,415,000	\$ 39,463,000
STATE SOURCES					
1/2 Cent Sales Tax	\$ 9,668,000	\$ 15,921,000	\$ 69,251,000	\$ 94,840,000	\$ 3,568,000
20% Constitutional Gas Tax	304,000	501,000	2,179,000	2,984,000	112,000
80% Constitutional Fuel Tax	1,224,000	2,016,000	8,769,000	12,009,000	452,000
County Gas and Special Fuel Tax	648,000	1,067,000	4,637,000	6,352,000	239,000
Ninth Cent Fuel Tax	773,000	1,274,000	5,540,000	7,587,000	285,000
State Revenue Sharing	3,876,000	6,384,000	27,769,000	38,029,000	1,431,000
Telecommunication Service Tax	1,864,000	3,067,000	13,340,000	18,271,000	687,000
TOTAL STATE SOURCES	\$ 18,357,000	\$ 30,230,000	\$ 131,485,000	\$ 180,072,000	\$ 6,774,000
OTHER LOCAL SOURCES					
Penny for Pasco	\$ 5,361,000	\$ -	\$ -	\$ 5,361,000	\$ -
Local Option Fuel Tax	3,960,000	6,520,000	28,355,000	38,835,000	1,461,000
Second Option Fuel Tax	3,197,000	5,265,000	22,894,000	31,356,000	1,180,000
TOTAL OTHER LOCAL SOURCES	\$ 12,518,000	\$ 11,785,000	\$ 51,249,000	\$ 75,552,000	\$ 2,641,000
TOTAL REVENUES	\$ 167,879,000	\$ 254,959,000	\$ 992,201,000	\$1,415,039,000	\$ 48,878,000
AVERAGE ANNUAL	\$ 11,192,000	\$ 25,496,000	\$ 66,147,000		

Source: Metro Development Group, Pasco County, DPF, 2016

Annual County fiscal benefits at the end of each phase and at buildout are shown in Table 7.

Table 7: Connected City – Annual County Fiscal Benefits at the End of Each Phase and Buildout

	2030	2040	2065
AD VALOREM TAXES			
Pasco County Ad Valorem Taxes	\$ 17,128,000	\$ 24,711,000	\$ 39,463,000
STATE SOURCES			
1/2 Cent Sales Tax	\$ 1,209,000	\$ 1,907,000	\$ 3,568,000
20% Constitutional Gas Tax	38,000	60,000	112,000
80% Constitutional Fuel Tax	153,000	241,000	452,000
County Gas and Special Fuel Tax	81,000	128,000	239,000
Ninth Cent Fuel Tax	97,000	153,000	285,000
State Revenue Sharing	485,000	765,000	1,431,000
Telecommunication Service Tax	233,000	367,000	687,000
TOTAL STATE SOURCES	\$ 2,296,000	\$ 3,621,000	\$ 6,774,000
OTHER LOCAL SOURCES			
Penny for Pasco	\$ -	\$ -	\$ -
Local Option Fuel Tax	495,000	781,000	1,461,000
Second Option Fuel Tax	400,000	630,000	1,180,000
TOTAL OTHER LOCAL SOURCES	\$ 895,000	\$ 1,411,000	\$ 2,641,000
TOTAL REVENUES	\$ 20,319,000	\$ 29,743,000	\$ 48,878,000
AD VALOREM TAXES			
Pasco County Municipal Fire	\$ 4,003,000	\$ 5,776,000	\$ 9,225,000

Source: Metro Development Group, Pasco County, DPGF, 2016

PASCO COUNTY MUNICIPAL FIRE SERVICE

At buildout, Connected City is expected to generate annual property taxes of \$9.2 million for the Pasco County Municipal Fire Service.

Table 8: Connected City – Cumulative County Municipal Fire Service Revenues

	15-YEAR Cumulative 2016-2030	10-YEAR Cumulative 2031-2040	15-YEAR Cumulative 2041-2065	50-YEAR Cumulative 2016-2065	Annually at Buildout 2065
Pasco County Municipal Fire	\$ 32,021,000	\$ 49,771,000	\$ 189,201,000	\$ 270,993,000	\$ 9,225,000
AVERAGE ANNUAL	\$ 2,135,000	\$ 4,977,000	\$ 12,613,000		

Source: Metro Development Group, Pasco County, DPGF, 2016

Annual County Municipal Fire Service fiscal benefits at the end of each phase and at buildout are shown in Table 9.

Table 9: Connected City – Annual County Municipal Fire Service Revenues at the End of Each Phase and Build out

	2030	2040	2065
Pasco County Municipal Fire	\$ 4,003,000	\$ 5,776,000	\$ 9,225,000

Source: Metro Development Group, Pasco County, DPGF, 2016

PASCO COUNTY FISCAL BENEFITS - ANNUAL MARKET VALUE PREMIUM

According to a 2015 nationwide study by researchers at the University of Colorado and Carnegie Mellon University, fiber-optic connections, the fastest type of high speed Internet available, increases home values due to the importance of the Internet to the way Americans work and live. The technological innovations of Connected Cities are expected to positively affect demand for residential and nonresidential products thereby creating a premium on market values.

Although the baseline analysis assumes no annual appreciation in property values, Table 10 reflects a modest 3 percent annual appreciation in values to reflect Connected City's "technology" premium. Assumptions related to all other revenue sources are held constant to facilitate the comparison to the baseline analyses presented in Tables 6 and 8.

Table 10: Connected City - Cumulative County Fiscal Benefits with Technology Premium

	15-YEAR Cumulative 2016-2030	10-YEAR Cumulative 2031-2040	15-YEAR Cumulative 2041-2065	50-YEAR Cumulative 2016-2065	Annually at Build out 2065
PASCO COUNTY REVENUES					
AD VALOREM TAXES					
Pasco County Ad Valorem Taxes	\$ 181,552,000	\$ 383,616,000	\$2,540,332,000	\$3,105,500,000	\$ 167,966,000
STATE SOURCES					
1/2 Cent Sales Tax	\$ 9,668,000	\$ 15,921,000	\$ 69,251,000	\$ 94,840,000	\$ 3,568,000
20% Constitutional Gas Tax	304,000	501,000	2,179,000	2,984,000	112,000
80% Constitutional Fuel Tax	1,224,000	2,016,000	8,769,000	12,009,000	452,000
County Gas and Special Fuel Tax	648,000	1,067,000	4,637,000	6,352,000	239,000
Ninth Cent Fuel Tax	773,000	1,274,000	5,540,000	7,587,000	285,000
State Revenue Sharing	3,876,000	6,384,000	27,769,000	38,029,000	1,431,000
Telecommunication Service Tax	1,864,000	3,067,000	13,340,000	18,271,000	687,000
TOTAL STATE SOURCES	\$ 18,357,000	\$ 30,230,000	\$ 131,485,000	\$ 180,072,000	\$ 6,774,000
OTHER LOCAL SOURCES					
Penny for Pasco	\$ 5,361,000	\$ -	\$ -	\$ 5,361,000	\$ -
Local Option Fuel Tax	3,960,000	6,520,000	28,355,000	38,835,000	1,461,000
Second Option Fuel Tax	3,197,000	5,265,000	22,894,000	31,356,000	1,180,000
TOTAL OTHER LOCAL SOURCES	\$ 12,518,000	\$ 11,785,000	\$ 51,249,000	\$ 75,552,000	\$ 2,641,000
TOTAL REVENUES	\$ 212,427,000	\$ 425,631,000	\$2,723,066,000	\$3,361,124,000	\$ 177,381,000
AVERAGE ANNUAL	\$ 14,162,000	\$ 42,563,000	\$ 181,538,000		
AD VALOREM TAXES					
Pasco County Municipal Fire	\$ 42,431,000	\$ 89,659,000	\$ 593,734,000	\$ 725,824,000	\$ 39,257,000
AVERAGE ANNUAL	\$ 2,829,000	\$ 8,966,000	\$ 39,582,000		

Source: Metro Development Group, Pasco County, DPGF, 2016

Annual County and County Municipal Fire Service fiscal benefits at the end of each phase and at build out, including the annual technology premium, are shown in Table 11.

Table 11: Connected City – Annual County Fiscal Benefits with Technology Premium

PASCO COUNTY REVENUES	2030	2040	2065
AD VALOREM TAXES			
Pasco County Ad Valorem Taxes	\$ 25,907,000	\$ 24,711,000	\$ 39,463,000
STATE SOURCES			
1/2 Cent Sales Tax	\$ 1,209,000	\$ 1,907,000	\$ 3,568,000
20% Constitutional Gas Tax	38,000	60,000	112,000
80% Constitutional Fuel Tax	153,000	241,000	452,000
County Gas and Special Fuel Tax	81,000	128,000	239,000
Ninth Cent Fuel Tax	97,000	153,000	285,000
State Revenue Sharing	485,000	765,000	1,431,000
Telecommunication Service Tax	233,000	367,000	687,000
TOTAL STATE SOURCES	\$ 2,296,000	\$ 3,621,000	\$ 6,774,000
OTHER LOCAL SOURCES			
Penny for Pasco	\$ -	\$ -	\$ -
Local Option Fuel Tax	495,000	781,000	1,461,000
Second Option Fuel Tax	400,000	630,000	1,180,000
TOTAL OTHER LOCAL SOURCES	\$ 895,000	\$ 1,411,000	\$ 2,641,000
TOTAL REVENUES	\$ 29,098,000	\$ 29,743,000	\$ 48,878,000
AD VALOREM TAXES			
Pasco County Municipal Fire	\$ 6,056,000	\$ 11,741,000	\$ 39,257,000

Source: Metro Development Group, Pasco County, DPGF, 2016

CONNECTED CITY ECONOMIC IMPACT ANALYSIS

A key concept in economic impact analysis is that one form of economic activity almost always stimulates other economic activities. The total economic impact of a specific project or event on a study area is the sum of the direct, indirect and induced impacts.

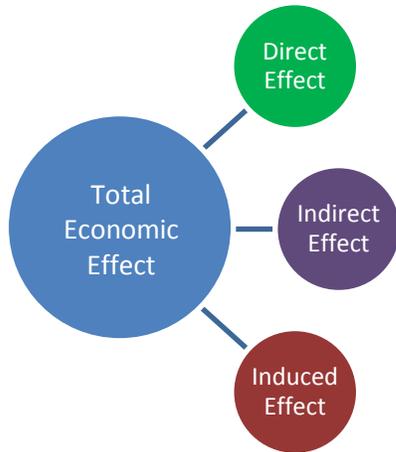
Direct Impacts are the initial, immediate economic impacts (jobs and income) generated by a project or development. Direct impacts coincide with the first round of spending in the economy. For example, a new high tech manufacturing facility that has a payroll of \$5 million and purchases \$5 million of goods and services from local suppliers would directly contribute \$10 million to the local economy. To determine direct economic impacts, it is ideal to use economic data supplied by the project’s development team or financial information, if available, about similar projects implemented in similar communities. A common method of establishing direct impact parameters is to use available industry averages for the study area.

Indirect Impacts are the production, employment and income changes occurring in other businesses/industries in the community that supply inputs to the project’s industry(s).

Induced Impacts are the effects of spending by the households in the local economy as a result of the direct and indirect effects from an economic activity. The induced effects arise when

employees who are working for the project (i.e. new manufacturing facility) spend their new payroll dollars in the study area.

Figure 1: Components of Economic Impact Analysis



The primary economic benefits of Connected City will be experienced in the County; however, benefits will also extend to the region and the state. In our experience with similar projects nationally, the smaller the study area, the more leakages (purchases and sales) occur outside the area. Fewer ripple effects occur inside the area thus multipliers and related impacts generally become larger as the geographic area increases in size. The study area for this report was limited to Pasco County.

This analysis utilizes models generated by the IMPLAN modeling system. IMPLAN is a nationally recognized system of local economic models that are specifically designed to represent a local economy such as Pasco County.

ECONOMIC IMPACT PHASES

The development of Connected City will impact the local economy in two phases. The initial impact occurs during the construction of the new homes and nonresidential buildings. Once development is complete, the operations of the new nonresidential facilities and the local spending by new residents will impact the economy on an ongoing basis.

CONSTRUCTION PERIOD ECONOMIC IMPACTS

The economic impacts from the construction phase are outlined in this section. The 50-year construction phase of the development will result in direct investment of \$7.8 billion. For economic impact modeling purposes, direct investment includes all horizontal and vertical costs but excludes the value of land.

The pace of construction will vary each year of the buildout period; however as shown in Table 12, Connected City is expected to generate 918 direct jobs and 1,480 total jobs, on average, annually over the construction phase. No permanent job creation from construction activities is assumed since the jobs end when the project is completed.

During the construction phase, the County will also experience a substantial increase labor income. The average annual direct labor impact of \$41.9 million combined with the annual indirect labor impact of \$10.7 million and induced labor impact of \$7.8 million results in \$60.4 million in average annual construction labor income.

Table 12: Connected City Construction Period Economic Impact Summary

TOTAL IMPACTS 2016-2065			
Impact Type		Labor Income	Output
Direct Effect		\$ 2,096,901,000	\$ 8,013,026,000
Indirect Effect		533,978,000	1,698,453,000
Induced Effect		389,329,000	1,284,361,000
Total Effect		\$ 3,020,208,000	\$ 10,995,840,000

AVERAGE ANNUAL IMPACTS 2016-2065			
Impact Type	Jobs	Labor Income	Output
Direct Effect	917.9	\$ 41,938,000	\$ 160,261,000
Indirect Effect	348.5	10,680,000	33,969,000
Induced Effect	213.8	7,787,000	25,687,000
Total Effect	1,480.2	\$ 60,405,000	\$ 219,917,000

Source: Heidt Design, Metro Development Group, IMPLAN, DPFG, 2016

Economic impacts per construction phase are presented in Table 13.

Table 13: Connected City Construction Period Economic Impact – Average Annual and Cumulative

CONSTRUCTION PERIOD	IMPACTS 2016-2030		
Impact Type	Employment	Labor Income	Output
Direct Effect	15,123.9	\$ 631,100,000	\$ 2,668,889,000
Indirect Effect	5,474.2	168,156,000	527,463,000
Induced Effect	3,245.9	118,207,000	389,957,000
Total Effect	23,844.0	\$ 917,463,000	\$ 3,586,309,000
AVERAGE ANNUAL IMPACT	1,589.6	\$ 61,164,000	\$ 239,087,000
Impact Type	IMPACTS 2031-2040		
Direct Effect	Employment	Labor Income	Output
Direct Effect	8,633.8	\$ 390,566,000	\$ 1,520,256,000
Indirect Effect	3,361.2	101,141,000	326,489,000
Induced Effect	2,004.5	72,999,000	240,818,000
Total Effect	13,999.5	\$ 564,706,000	\$ 2,087,563,000
AVERAGE ANNUAL IMPACT	1,400.0	\$ 56,471,000	\$ 208,756,000
Impact Type	IMPACTS 2041-2065		
Direct Effect	Employment	Labor Income	Output
Direct Effect	22,134.8	\$ 1,075,235,000	\$ 3,823,881,000
Indirect Effect	8,587.6	264,681,000	844,501,000
Induced Effect	5,440.2	198,123,000	653,586,000
Total Effect	36,162.6	\$ 1,538,039,000	\$ 5,321,968,000
AVERAGE ANNUAL IMPACT	1,446.5	\$ 61,522,000	\$ 212,879,000
Impact Type	IMPACTS 2016-2065		
Direct Effect	Employment	Labor Income	Output
Direct Effect		\$ 2,096,901,000	\$ 8,013,026,000
Indirect Effect		533,978,000	1,698,453,000
Induced Effect		389,329,000	1,284,361,000
Total Effect		\$ 3,020,208,000	\$ 10,995,840,000

Source: Heidt Design, Metro Development Group, DPGF, IMPLAN, 2016

PERMANENT ONGOING ECONOMIC IMPACTS

Direct full-time equivalent jobs (“FTEs”) were calculated by dividing the vacancy-adjusted nonresidential square footage, by land use type, by the following coefficients obtained International Facility Management Association and American Planning Association publications:

- Retail: 750 square feet per employee
- Office: 225 square feet per employee
- Industrial: 700 square feet per employee

The advanced technology offered by Connected City is expected to attract and cultivate a substantial number of home-based businesses. Based on estimates provided by Metro Development Group, home-based workers are assumed to be 10 percent, 20 percent, and 30 percent of direct office employment in 2030, 2040, and 2065, respectively. At buildout, the 12.8 million square feet of nonresidential land uses are projected to generate 39,383 direct jobs as reflected in Table 14.

Table 14: Connected City Direct Permanent Ongoing Onsite Employment in FTEs

Land Use	2016-2030	2016-2040	2016-2065
CUMULATIVE EMPLOYMENT (in FTEs) - SQUARE FOOTAGE APPROACH			
Retail	794	1,523	6,722
Office	2,764	6,912	21,140
Industrial	350	972	2,461
Total Employment	3,908	9,407	30,323

CUMULATIVE EMPLOYMENT INCLUDING HOME-BASED WORKERS (in FTEs)

	2016-2030	2016-2040	2016-2065
Home-Based Workers as % of Total Office FTE Employment	10%	20%	30%
Retail	794	1,523	6,722
Office	3,071	8,640	30,200
Industrial	350	972	2,461
Total Employment	4,215	11,135	39,383

Source: Metro Development Group, DPGF, 2016

In order to estimate the economic impact using IMPLAN, the direct full-time equivalent jobs were converted to total jobs (full-time and part-time) using the appropriate IMPLAN conversion factors. The resulting 42,632 direct jobs were distributed to the various IMPLAN retail, office, and retail sectors based on sector distributions of other high tech communities in the Southeast, such as the Research Triangle Area in North Carolina.

Because a substantial portion of the local spending by new Connected City residents will be captured by business within Connected City, the economic impact of new resident spending was excluded to avoid double counting.

The economic impact from the annual operations of the new retail, office, and industrial facilities was modeled using Industry Change, which is the increase or decrease in economic activity due to the expansion or change in production of new businesses. Instead of value of production or value added, new employment by industry sector was used as a proxy for production changes.

The annual economic impacts at the end of each phase and at buildout are presented in Table 15. In 2065, Connected City is expected to generate 65,108 total jobs; annual labor income of \$2.5 million, and annual output \$8.9 million in the County.

Table 15: Connected City Annual Permanent Ongoing Economic Impacts per Phase and at Buildout

ANNUAL IMPACTS IN 2030			
Impact Type	Employment	Labor Income	Output
Direct Effect	4,566.0	\$ 183,520,000	\$ 714,660,000
Indirect Effect	1,498.9	51,234,000	181,289,000
Induced Effect	954.5	34,757,000	114,661,000
Total Effect	7,019.4	\$ 269,511,000	\$ 1,010,610,000
ANNUAL IMPACTS IN 2040			
Impact Type	Employment	Labor Income	Output
Direct Effect	12,000.0	\$ 491,896,000	\$ 1,944,314,000
Indirect Effect	4,107.7	140,758,000	495,675,000
Induced Effect	2,572.5	93,673,000	309,027,000
Total Effect	18,680.2	\$ 726,327,000	\$ 2,749,016,000
ANNUAL IMPACTS IN 2065			
Impact Type	Employment	Labor Income	Output
Direct Effect	42,632.0	\$ 1,688,155,000	\$ 6,246,046,000
Indirect Effect	13,716.5	466,012,000	1,637,052,000
Induced Effect	8,759.8	318,968,000	1,052,276,000
Total Effect	65,108.3	\$ 2,473,135,000	\$ 8,935,374,000

Source: IMPLAN, DPGF, 2016

CONNECTED CITY FISCAL BENEFITS AND ECONOMIC IMPACT SUMMARY

In summary, Connected City will generate significant fiscal and economic benefits to the County over the 50-year construction period and on an ongoing basis. A summary of these benefits is presented in Table 16.

Table 16: Connected City Fiscal Benefits and Economic Impact Summary at Buildout

Pasco County Economic Impacts and Fiscal Benefits	2030	2040	2065
Construction Period Economic Impacts			
Average Annual Jobs	1,590	1,400	1,447
Average Annual Labor Income	\$ 61,164,000	\$ 56,471,000	\$ 61,522,000
Average Annual Output	\$ 239,087,000	\$ 208,756,000	\$ 212,879,000
Cumulative Labor Income	\$ 917,463,000	\$ 1,482,169,000	\$ 3,020,208,000
Cumulative Output	\$ 3,586,309,000	\$ 5,673,872,000	\$10,995,840,000
Permanent Ongoing Economic Impacts			
Jobs	7,019	18,680	65,108
Annual Labor Income	\$ 269,511,000	\$ 726,327,000	\$ 2,473,135,000
Annual Output	\$ 1,010,610,000	\$ 2,749,016,000	\$ 8,935,374,000
Fiscal Benefits			
County Tax Base	\$ 2,626,830,000	\$ 3,364,810,000	\$ 5,373,475,000
Annual Ad Valorem Taxes	\$ 17,128,000	\$ 24,711,000	\$ 39,463,000
Annual Ad Valorem Taxes and Other Revenues	\$ 20,319,000	\$ 29,743,000	\$ 48,878,000
Annual Municipal Fire Service Ad Valorem Taxes	\$ 4,003,000	\$ 5,776,000	\$ 9,225,000
Cumulative Ad Valorem Taxes and Other Revenues	\$ 167,879,000	\$ 422,838,000	\$ 1,415,039,000
Cumulative Municipal Fire Service Ad Valorem Taxes	\$ 32,021,000	\$ 81,792,000	\$ 270,993,000
Fiscal Benefits With Annual Technology Premium			
County Tax Base	\$ 3,527,682,000	\$ 6,839,966,000	\$22,870,687,000
Annual Ad Valorem Taxes	\$ 25,907,000	\$ 50,233,000	\$ 80,885,000
Annual Ad Valorem Taxes and Other Revenues	\$ 29,098,000	\$ 55,265,000	\$ 90,300,000
Annual Municipal Fire Service Ad Valorem Taxes	\$ 6,056,000	\$ 11,741,000	\$ 39,257,000
Cumulative Ad Valorem Taxes and Other Revenues	\$ 212,427,000	\$ 638,058,000	\$ 3,361,124,000
Cumulative Municipal Fire Service Ad Valorem Taxes	\$ 42,431,000	\$ 132,090,000	\$ 725,824,000

Source: DPGF, 2016

GENERAL AND LIMITING CONDITIONS

Every reasonable effort has been made to ensure that the data contained in this report are accurate as of the date of this study; however, factors exist that are outside the control of DPFPG and that may affect the estimates and/or projections noted herein. This study is based on estimates, assumptions and other information developed by DPFPG from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives, or any other data source used in preparing or presenting this study.

This report is based on information that was current as of May 2016 and DPFPG has not undertaken any update of its research effort since such date.

Because future events and circumstances, many of which are not known as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by DPFPG that any of the projected values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of DPFPG in any manner without first obtaining the prior written consent of DPFPG. No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of DPFPG. Further, DPFPG has served solely in the capacity of consultant and has not rendered any expert opinions. This report is not to be used in conjunction with any public or private offering of securities, debt, equity, or other similar purpose where it may be relied upon to any degree by any person other than the client, nor is any third party entitled to rely upon this report, without first obtaining the prior written consent of DPFPG. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from DPFPG. Any changes made to the study, or any use of the study not specifically prescribed under agreement between the parties or otherwise expressly approved by DPFPG, shall be at the sole risk of the party making such changes or adopting such use.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.